No. 184

JUL 20 1943

CHARLES ELMORE CROPLEY

IN THE

Supreme Court of the United States

HARVEY S. COVER,

Petitioner,

vs.

CHICAGO EYE SHIELD COMPANY,
an Illinois corporation,

Respondent.

PETITION IN BEHALF OF HARVEY S. COVER AND BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

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PETITION IN BEHALF OF HARVEY S. COVER FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE SEVENTH CIRCUIT.

To the Honorable the Chief Justice of the United States and Associated Justices of the the Supreme Court of the United States:

Your petitioner, Harvey S. Cover, prays for a Writ of Certiorari to the Circuit Court of Appeals for the Seventh Circuit to review the Judgment of that Court entered on June 12, 1943, affirming that portion of the judgment of the District Court for the Northern District of Illinois,

Eastern Division (R. 15), awarding costs of a patent accounting to the defendant, "solely because of defendant's offer of judgment" under Rule 68 of the Federal Rules of Civil Procedure, relating to Offers of Judgment.

This Petition involves a pure question of law to wit: the construction of Rule 68 of the Federal Rules of Civil Procedure, relating to offers of judgment. The question raised is whether the offer of judgment in this case was served upon the petitioner "more than 10 days before the beginning of the trial".

Rule 68 reads as follows:

> "At any time *more than* 10 *days before the trial begins,* a party defending against a claim may serve upon the adverse party an offer to allow judgment to be taken against him for the money or property or to the effect specified in his offer, with costs then accrued. If within 10 days after the service of the offer the adverse party serves written notice that the offer is accepted, either party may then file the offer and notice of acceptance together with proof of service thereof and thereupon the clerk shall enter judgment. If the offer is not so accepted it shall be deemed withdrawn and evidence thereof is not admissible. If the adverse party fails to obtain a judgment more favorable than that offered, he shall not recover costs in the district court from the time of the offer but shall pay costs from that time."

More specifically, the question is whether, under Rule 68, an offer of judgment may be made *after* the trial of the issues of validity and infringement and the right to an accounting and injunction in a patent case, and prior to the hearing on the accounting as held by the courts below. In other words, is the hearing on the accounting in a patent case a separate "trial" as distinguished from

the trial on the issues of validity and infringement and the right to an accounting, and a permanent injunction; so that the offer of judgment, under Rule 68, may be made before the hearing on the accounting as held by the courts below? Or, are the hearings on the issues of validity and infringement, and the right to an accounting, and a permanent injunction; and the hearing on the accounting, all parts of *one single trial*, so that the offer of judgment *must be made before* the trial of the issues of validity and infringement, and the right to an accounting and a permanent injunction as contended by petitioner?

A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is filed herewith, in accordance with the rules of said Court.

While ordinarily a question of costs alone is not appealable, it is a well-established rule that a question of costs is appealable where the construction of a statute or rule is involved as is the case here. This was recognized by the court below.

STATEMENT.

Petitioner filed suit for infringement of six patents. After the trial on the issues of validity and infringement, beginning on June 5, 1939, the District Court entered a judgment finding two patents valid and infringed, and awarded an injunction and an accounting. The District Court's judgment was affirmed by the Circuit Court of Appeals. The case was remanded for an accounting, and on August 20, 1940, the defendant, after filing its account, made an offer of judgment of $3,500.00 "more than 14 months after the trial of the issues of infringement and validity and the

right to an accounting and permanent injunction began, on June 5, 1939.

The testimony in the accounting began on September 20, 1940, and thereafter the Master rendered a draft report (Ex. 18, p. 236), awarding $328.62 on patent No. 2,120,231, and $121.08 on patent No. 2,112,217, or a total of $449.70, with 5 per cent interest, and finding "that the defendant be decreed to pay all the costs of this suit including the fees of the court reporter and fees of the Master."

The Master subsequently rendered a final report, to the same effect as the draft report, in so far as the issues on this petition are concerned. The defendant objected to the Master's finding awarding costs to the plaintiff.

The District Court sustained the Master's report with respect to patent No. 2,112,270 and overruled the Master in regard to patent No. 2,120,221; held a changed device to be an infringement, and entered judgment that the plaintiff recover $10,346.67, with interest at 5 per cent and the costs of the accounting (Ex. 18, p. 286). The defendant appealed. The judgment of the District Court was reversed, and the Master's report was sustained by the Circuit Court of Appeals. On the defendant's appeal it assigned error in respect to the court's judgment awarding costs to the plaintiff (Ex. 18, p. 291), as follows:

> "36. The District Court erred in awarding costs to plaintiff and in failing to award costs to defendant in view of defendant's offer of judgment, and plaintiff's failure to prove he is entitled to any recovery substantially in excess of that set forth in defendant's Statement of Account."

On appeal to the Circuit Court of Appeals on the accounting, although the defendant assigned error on

costs, the defendant expressly stated, "we shall not argue the question of costs," because the defendant's offer of judgment was not in the record and was expressly inadmissible under Rule 68 until the entry of judgment in its favor, and was therefore not a part of the record. Thus the defendant waived the question of costs on the merits and has no right to even ask for costs on any other ground than upon its offer of judgment which we contend is too late.

After the mandate, the defendant moved (R. 2) on October 12, 1942, that the court sustain defendant's objection to the Master's report awarding costs to the plaintiff. On the hearing of defendant's motion for costs, the defendant filed its offer of judgment for $3,500.00, and asked that it be awarded costs because of its offer of judgment made on August 20, 1940 (R. 3). The District Court sustained the defendant's objection to the Master's report awarding costs to the plaintiff, because of defendant's offer of judgment (R. 4).

The plaintiff moved to vacate this order and to award costs to the plaintiff, the prevailing party (R. 5). The District Court denied the motion "solely because of defendant's offer of judgment" (R. 14) and entered judgment awarding costs to the defendant, "solely because of its offer of judgment (R. 14).

The plaintiff appealed to the Circuit Court of Appeals for the Seventh Circuit from that part of the judgment ordering the plaintiff to pay the costs of the accounting "solely because of defendant's offer of judgment" (R. 15).

The amount involved is $1,896.25. If the costs are awarded to the plaintiff, the plaintiff will receive $904.10 instead of paying out $992.15.

Statement of Jurisdiction.

The jurisdiction of this Court is invoked under the provisions of Section 240 of the Judicial Code as amended by the Act of February 10, 1925 (28 U. S. C., Sec. 347). The date of the judgment to be reviewed is June 12, 1943.

The Question Presented.

1. Is a defendant's offer of judgment made more than ten days before the trial begins within Rule 68, when it is not made until more than fourteen months, to-wit: August 20, 1940, after the beginning of the trial of the issues on validity, infringement, and the right to an accounting, and injunction, to-wit: June 5, 1939, even though more than ten days before the beginning of testimony on the accounting on September 20, 1940?

The Reasons Relied Upon for Allowance of the Writ.

1. The Circuit Court of Appeals and the District Court have ruled that a hearing on an accounting in a patent suit is a separate trial from the hearing on validity and infringement, and the right to an injunction and accounting, and that a valid offer of judgment may be made under Rule 68 more than ten days before the beginning of the hearing on the accounting, although subsequent to the trial on the issues of validity and infringement, and the right to an injunction and accounting and although Rule 68 requires that an offer of judgment be made more than ten days before "the trial begins".

In so ruling, the courts below have:

(a) Decided an important question of federal law, which has not been, but should be, settled by this court;

(b) It has decided a federal question in a way prob-

ably in conflict with analogous applicable decisions of this court; and in conflict with decisions of the courts of the states having similar rules or statutes, from which Rule 68 was adapted.

(c) The question is of great public importance.

Petitioner submits that the decision below is erroneous because it is plainly in conflict with the wording of Rule 68 on its face and also in conflict with the spirit of Rule 68.

Both parties agree that the question is new and of great public importance.

> "The first question raised on this appeal is new. Prior to this case Rule 68 has never been interpreted in relation to an offer of judgment made more than ten days prior to the hearing of a patent accounting. While the amount involved in this case is small, the question of law involved is of considerable importance in connection with patent litigation" (D. Brief below, p. 6).

Also, the Circuit Court of Appeals in its decision said:

> "* * * It is a question of first impression in this court, and we are unable to find a case in any other court where it has been presented."

Petitioner also represents that under the circumstances presented, it will be manifestly impossible for him to obtain a conflict of opinion in different Circuits.

Definite determination of this question is of great importance to every litigant and the general public.

Wherefore, Your Petitioner Respectfully Prays that a Writ of Certiorari issue out of and under the seal of this

Honorable Court, directed to the United States Circuit Court of Appeals for the Seventh Circuit, commanding that Court to certify and to send to this Court for its review and determination, on a day certain to be therein named, a full and complete transcript of the record and all proceedings in the case numbered and entitled on its docket, Docket No. 8220, *Harvey S. Cover, plaintiff-appellant* v. *Chicago Eye Shield Company, a corporation, defendant-appellee,* and that said decree of said United States Circuit Court of Appeals for the Seventh Circuit be reversed by this Honorable Court, and that the offer of judgment be held too late, and that the plaintiff be awarded costs of the accounting as the prevailing party, and that your petitioner may have such other and further relief in the premises as to this Court may seem meet and just.

Most respectfully submitted,

HARVEY S. COVER,

By JOSHUA R. H. POTTS,
EUGENE VINCENT CLARKE,
Counsel for Petitioner.

Chicago, Illinois,
July 15, 1943.

Certificate.

This petition is, in our judgment, well founded, and is not interposed for purpose of delay.

JOSHUA R. H. POTTS,
EUGENE VINCENT CLARKE,
Counsel for Petitioner.